

1 **PAUL SCIANNA**

2
3 MR. SCIANNA: Good morning. I'm Paul Scianna,
4 Executive Director of Family Policy Center, located in Kansas
5 City, Missouri.

6 CHAIRMAN JAMES: Good morning.

7 MR. SCIANNA: The citizens of Missouri twice rejected
8 the spread of legalized gambling in our state before it was
9 narrowly approved by voters in 1994. This was not done until the
10 gambling interest spent more than \$12 million in a campaign to
11 convince voters that gambling would be the best thing for us. We
12 had advertisements showing these pristine paddle boats going up
13 and down the Missouri and Mississippi Rivers, kind of the return
14 to the Huck Finn-Tom Sawyer era.

15 The industry also assured the citizens that there
16 would certain safeguards in place that would help to combat the
17 evils of gambling, and that's the way that gambling was passed in
18 our state. But since 1994 we've watched in horror as the
19 gambling industry has basically broken every single promise that
20 it's made to the citizens of our state.

21 First, the casinos quickly petitioned to eliminate
22 the cruising provision. I think that's probably not a bad idea,
23 since many of the boats on the rivers probably don't even have
24 motors in them and I don't think it would be safe for those to
25 cruise anyway. But since then, the gambling lobbyists have
26 besieged our legislature with requests to remove every single
27 safeguard that they said would remain in place.

28 The Missouri voters, for instance, approved floating
29 casinos on or upon the Missouri and Mississippi Rivers. Several

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1 of the casino operators actually built their boats in moats, high
2 above the river. They pump river water in and of course, that
3 constitutes a new riverway. The Missouri Supreme Court found
4 that these boats were in violation of the constitution and the
5 industry reacted quickly not to rectify the illegality of the
6 situation, but rather to begin collecting signatures to place
7 this on the ballot this November.

8 By its action, the gambling interests have made their
9 goals very clear. They want to appeal all of the voter approved
10 safeguards, measures that were intended to protect the citizens
11 and those who have the potential to become addicted to gambling
12 and they want to operate with few or little restrictions.

13 Yesterday, as I visited in the afternoon, this
14 Commission heard some testimony from those who believe that
15 gambling has been good for jobs and businesses in their
16 communities. I must admit that gambling has been good in
17 Missouri for certain businesses. I'd like to tell you about a
18 few businesses that have benefited greatly from riverboat casinos
19 in our state.

20 Four years ago, actually 20 years ago, there were
21 just four pawn shops in the city of Kansas City. Within the
22 first 18 months after riverboat casinos opened, 12 new pawn shops
23 opened. Now we have more than 50 pawn shops located in the
24 Kansas City area alone. We have a pawn shop, or several of
25 these, that will allow you to go down and pawn your car.

26 They'll give you one-half of the wholesale value of
27 your car. We actually spoke with one of the gentlemen at the
28 pawn shop and he said for the first 30 days it's just a high
29 interest loan; it's ten percent a month. The second month, he

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1 said it's a pretty bad credit card debt. The third month, he
2 said, we'll probably own your car. By the way, he did tell us
3 that after pawning the car, they do have a shuttle that would
4 take us down to the riverboat to gamble if we so choose.

5 Gambling makes good business for bankruptcy lawyers
6 and the United States Trustee's office which oversees bankruptcy
7 cases in Missouri, Nebraska and Arkansas. In 1994 in Kansas City
8 there were a little more than 5,000 cases of Chapter 7 filed in
9 the Kansas City office. In 1997, that number is nearly doubled,
10 to now more than 9,500 cases and it continues to rise. Similar
11 figures are being seen in the St. Louis area which also has
12 riverboat casinos.

13 We were told by one of the trustees that prior to
14 gambling coming into the community, the three major reasons that
15 they saw for Chapter 7 filings were medical bills, divorce and
16 business failure. Now, they're telling us the number one reason
17 is credit card debt and very quickly they're beginning to see a
18 pattern that that's related to gambling.

19 Riverboat gambling has also been good news for the
20 consumer credit counseling services. Before casinos came they
21 said they saw one case a year related to gambling. Now, they're
22 seeing more than 20 cases per month. They tell us perhaps that
23 number is very low because people are ashamed to admit that
24 they've gotten into trouble because of their gambling habits. I
25 know that there are several people who testified yesterday
26 sincerely that they have been helped by the presence of gambling
27 in their communities.

28 They talked about jobs and the benefits related to
29 their families. But in our past few weeks of just preparing this

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1 testimony, we've run across several cases of lives that have been
2 shattered by casino gambling; the stock broker who lost a few
3 hundred thousand dollars and is now in financial ruins, still
4 handling other people's money but his own mother must manage his
5 checkbook; the school teacher who makes the rounds on his payday
6 to multiple loan companies, he said at times between 20 and 30
7 loan companies just to pay the interest on the loans he's taken
8 out because of his gambling habit; the computer company employee
9 who stole thousands of dollars of new equipment and pawned it for
10 gambling money and then sadly a St. Louis area family, the mother
11 in this family, after losing her children's college fund at the
12 boats, sent her kids off to school, stepped down into her
13 basement and shot herself in the head. It was revealed she had a
14 habit, her husband didn't even know, going to the casinos and she
15 ended up losing the college funds as well as the family's
16 savings.

17 I think one day we may know all of the numbers that
18 you all are searching for right now related to gambling and its
19 social cost. We can't even get into those right now, just
20 because of the time. But I would like to ask this Commission to
21 really seek to do its work so that that day, for the benefit of
22 many families, will come sooner rather than later.

23 CHAIRMAN JAMES: Thank you.

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MARLYS POPMA

MS. POPMA: Members of the Commission, I'm Marlys Popma and I'm the Executive Director of the Iowa Family Policy Center. I have to admit to you that my attitudes about gambling have evolved. Iowa was the first state in the midwest to bring in the riverboats. I thought, at one time, that taking \$40 onto the boat, having the wind whipped through my hair, having a nice prime rib was a good night of entertainment. But since that time, we have seen so many things happen in the state of Iowa.

We have more legalized forms of gambling in Iowa than any of the midwestern states represented here. This is my state. I'm proud of this state. But I'm devastated about what's happening with gambling. We have everything from the lottery to shot machines, para-mutual betting facilities, riverboats, craps tables to roulette. Our motto of the state is Iowa is a place to grow. Iowa has now become a place to lose.

Over the last several months our newspapers have been littered with stories of embezzlement. One of our largest state employers, High V food stores, just had an employee who embezzled \$138,000, all spent at the casino. We just had an employee from Mercy Hospital who embezzled \$151,000 from her longtime employer of 14 years.

Police Sergeant Bruce Sowrod stated in the recent Des Moines Register article that the vast majority of withdrawals was taken from a cash machine at the track or at another machine not too far away from the track. The gentleman who testified early on the panel that says watch the money trail, it can be done. And if I could suggest to Commissioner Moore who was asking what

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1 could we do with this Commission, we're not going to get rid of
2 gambling all the way. Take a look at getting the ATM machines
3 off the premises.

4 We are having so many problems with credit card
5 advances, people gambling on borrowed money. I would certainly
6 love to recommend to this committee that they take a good hard
7 look at the damages of credit card advances on the riverboats.

8 You also heard that Iowa had a 1.7 percent of our
9 adult population who was either problem or pathological gamblers
10 in 1989. In the same prevalency study indicated that 5.4 of our
11 adult population is now problem gamblers. This is the midwest;
12 this is the heartland. We have 5.4 percent of our adult
13 population becoming problem gamblers.

14 Mr. Tom Coates who owns the largest consumer state
15 counseling agency in the state of Iowa estimates that anywhere
16 between 15 to 20 percent of the individuals walking into his
17 consumer credit office are there because of problems with
18 gambling debt, and most of them on credit cards.

19 Other societal problems are arising in Iowa, although
20 the full impact of gambling may not be realized for years. The
21 Iowa gambling treatment program help line which in Iowa is called
22 1-800-BETS OFF, who had an increase of over 1,000 percent in the
23 calls between 1988 and 1997. Hot line representatives report a
24 continued number of callers stating their involvement
25 embezzlement and an increase in the numbers of calls evidencing
26 domestic violence.

27 But I think nothing speaks better to what's happening
28 in our state, in the state of Iowa, than those anecdotal stories
29 of the woman who worked for High V. She gambled for the first

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1 time in 1996, went out with a bunch of friends and now is
2 spending ten years in prison for her embezzlement.

3 About a month and a half ago I got a call from a
4 gentleman with consumer credit who told me about a 50 something-
5 ish man, distinguished, good, honorable, decent man, came into
6 his office, \$60,000 in credit card debt all at the casino. He
7 was absolutely despondent and did not know what to do. This was
8 spring. This was a time when we should be looking forward to the
9 new growth of the season. This was on a Wednesday or Thursday.
10 By Sunday, this gentleman checked himself into a local hotel, put
11 a gun to his head and ended his misery. The following Monday his
12 stepson called the consumer credit and told them my dad is gone.

13 I hope that as you listen to all the different
14 stories about job creation and what's good for this country and
15 states with riverboats and general gaming casinos, that you will
16 also take a look at the downcast cries of families who are
17 affected by the gambling trend sweeping the midwest and the
18 nation. I'm hoping that this Commission can come up with a
19 situation that you look at maybe encouraging a moratorium state
20 by state, until such a time that we have an adequate amount of
21 time to spend looking at this problem.

22 Iowa has nine boats, three land based casinos, hooked
23 to para-mutuals, plus our Indian reservations. We have 2.8
24 million people. We are absolutely at saturation level and we've
25 got one more casino opening up in a town of 4,163 people on a
26 lake. So I would really recommend that you look at this very
27 hard and very serious because I fear for the future of my state.

28 CHAIRMAN JAMES: Thank you.

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